

Bank of America is expanding and extending its response to cardholders who were affected by the December Lost Tape Incident

June 6, 2005—In an effort to further support our government cardholders who were affected by the loss of backup tapes in late December, Bank of America will be extending and expanding support of these cardholders effective immediately. Through ongoing dialogue and feedback received from our client agencies, Bank of America has developed additional communication and remediation for affected cardholders.

Announced in late February of 2005, computer backup tapes containing customer and account information for 1.2 million GSA SmartPay government charge cardholders, were lost in shipment. Since the announcement, the Secret Service and Bank of America monitoring indicates there continues to be no evidence to suggest that the tapes and their contents have been accessed or misused.

Through May 29, 2005, Bank of America has received phone calls from 6.6 percent of the affected cardholders and emails from less than 1 percent. Additionally, 34,043 customers who had previously instructed the Bank not to receive credit bureau information about them have now “opted-in” to take advantage of credit bureau monitoring. TransUnion, with which the Bank made arrangements to provide cardholders with free credit reports and an opportunity to establish free fraud alerts, has received 125,260 calls from affected cardholders.

Bank of America contracted with Experian to monitor credit bureau activity for affected cardholders to the extent permitted by law. This monitoring is designed to detect unusual patterns in credit bureau activity. Experian will notify us if it detects any such unusual activity. To date no trends have emerged that would indicate fraudulent activity resulting from the lost tapes.

We have received over 300,000 pieces of returned mail from the three letters that were sent to our customers. We have completed processing of each returned mail item and have already provided a database listing to the Department of Defense and are in the process of providing listings to our civilian agencies. The database listings provided to our client agencies will specify the disposition for each cardholder. If any returned mail we received included a new address, we sent a new letter to the new address. Therefore, we did not include those returned items in the listings provided to the agencies.

Bank of America continues to look for new opportunities to assist and support our clients and our cardholders and have developed an expanded and extended response plan. Our plan will be delivered through three on-going activities: Deployed Service Members Response efforts, Bank of America Security efforts and Relationship Continuity.

Deployed Service Member Response

In response to the expressed need for additional services for service members deployed overseas (including employees of civilian agencies who are reservists but were activated and deployed), we will be extending our contract with TransUnion to supply the easy access and specialized toll free number for affected cardholders through the end of 2006. All affected cardholders will be able to continue to order their free credit reports. Additionally, the cardholders may choose to place a 90-day fraud alert on their credit files. This alert is a service provided by the credit bureaus. Once an alert is placed on a credit file, any new or additional line of credit request may be delayed until such time as the extender of credit can verify the identity of the individual initiating the request.

In addition to extending access via the toll free number through December 31, 2006, we will also make available an online form for deployed service members to use in lieu of the toll free number. Those customers will be able to access a secure Web site, where they will be able to choose the free credit bureau report, the 90-day fraud alert or both. The online solution will also be available through December 31, 2006. At present, we are working through the process details with the credit bureau. We will notify you as soon as the form is available for use.

Additionally, all of the major credit bureaus offer a 12-month active duty military alert for service members who are deployed. Military personnel who are deployed longer than 12 months may place another active duty alert (12 months in duration) on their file. Bank of America will provide details on how military personnel can activate this alert online through one of the credit bureaus via an upcoming NewsBlast and will also send this announcement to Department of Defense Component Program Managers to be included in "all service" messages (e.g. ALMAR, ALNAV, etc.).

Bank of America has developed this plan specifically for deployed service men and women to enhance and extend our original plan, because we understand the special needs and concerns of these government cardholders.

Bank of America Security Efforts

In order to provide higher levels of assurance that our security practices are sound, Bank of America agreed to perform a Joint Security Review, conducted by security specialists from the GSA and the Department of Defense. The first meeting was held at the GSA offices in Arlington, Virginia, on March 17, 2005. At this meeting, Bank representatives met with security personnel of both GSA and DOD and provided a synopsis of the loss of the backup tapes, responded to questions posed by the government's security team, and provided updates on changes the bank has made in its processes since the incident occurred.

A second meeting of the Joint Security Review was held at the Bank's corporate headquarters in Charlotte, North Carolina, on May 17, 2005. At this meeting, the security representatives reviewed recent third party audit reports of the Bank's security practices.

In addition, Bank of America is working with the GSA to develop security requirements to be included in the GSA Master Contract. The new requirements will ensure that all charge card issuers performing under the GSA Master Contract will provide the same level of security for all Government charge cardholders.

Bank of America has undertaken additional activities to protect the personal information of its government charge cardholders. These activities include:

- Review of all paper reports that are provided to the agencies and organizations to ensure that all sensitive cardholder data (such as social security number) is truncated where appropriate.
- Review of all computer-accessed information to ensure that all sensitive cardholder data (such as social security number) is truncated where appropriate.
- Review of all data transmissions and implementation of encryption processes.
- Monitoring of government charge card accounts and any consumer account that a federal cardholder may have with Bank of America for unusual activity and fraud.
- Communication of cardholder security features for the government charge card via changes in the card carrier packages.

Relationship Continuity

Bank of America stands committed to the GSA SmartPay program and our relationships with all participating agencies. We actively utilize Voice of Customer information throughout our business. Our extension and expansion of assistance and support to cardholders is evidence of this process. We will continue to work with our client agencies to develop strategies that will provide continued dedicated client service to our cardholders.

Over the last several months, we have met with senior leaders in a number of our client agencies. By working directly with these leaders, we are continuing to resolve concerns surrounding the lost tapes, while also identifying those elements of the card programs that are critical to the success of our client agencies' missions.

Bank of America will continue to utilize a consultative business approach as we look to the future of the government card program. Our commitment is to continue to deliver dedicated client service at every level of the Federal Government card relationship. We thank you for your business and remain committed to providing exemplary service to our clients and cardholders.